

VZCZCXYZ0003
OO RUEHWEB

DE RUEHNR #3500/01 2231012
ZNR UUUUU ZZH
O 111012Z AUG 06
FM AMEMBASSY NAIROBI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3644
INFO RUEHDS/AMEMBASSY ADDIS ABABA PRIORITY 8711
RUEHDR/AMEMBASSY DAR ES SALAAM PRIORITY 4787
RUEHDJ/AMEMBASSY DJIBOUTI PRIORITY 4318
RUEHKM/AMEMBASSY KAMPALA PRIORITY 1495
RUEHLO/AMEMBASSY LONDON PRIORITY 1982
RUEHFR/AMEMBASSY PARIS PRIORITY 1964
RUEOBBA/COMUSCENTAF SHAW AFB SC//DOXE// PRIORITY
RHMFISS/CJTF HOA PRIORITY
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY

UNCLAS NAIROBI 003500

SIPDIS

SENSITIVE
SIPDIS

LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [PTER](#) [PHUM](#) [KCOR](#) [KE](#)
SUBJECT: KENYA: SCENESETTER FOR CODEL OBAMA

¶1. (SBU) SUMMARY: Welcome to Kenya, a country that stands out among its East African neighbors as a stable, open democracy and as a key regional partner for the United States. The country is making a dramatic break from its past by greatly improving respect for human rights and by expanding democratic space in which a variety of media and civil society organizations thrive. With substantial existing infrastructure, a well-educated work force and a diverse economy, Kenya could become East Africa's engine for economic growth. Mission advocacy and assistance programs actively support and promote Kenya's development. As but one example, impressive results under the President's Emergency Program for AIDS Relief (PEPFAR) include the dramatic increase in the numbers of U.S.-supported anti-retroviral (ART) treatment sites, contributing to a greater than 100-fold increase in the number of Kenyans on anti-retroviral treatment since the PEPFAR scale-up began.

¶2. (U) These positive elements, however, are tempered by ongoing high and low-level corruption and internal political rivalries that have unfortunately slowed some areas of our bilateral cooperation and Kenya's own economic development. Kenya has yet to meet its international obligation to enact counter-terrorism legislation, which is not considered a priority. Years of ecological mismanagement have put Kenya on the brink of an ecological catastrophe that will reverberate through the economy and will impact issues as diverse as health care and regional stability. END SUMMARY.

Terrorism: Aligning Priorities

¶3. (SBU) The bombing of our Embassy on August 7, 1998 and the subsequent November 2002 terrorist attacks on an Israeli-owned hotel and Israeli chartered aircraft within Kenya have been linked to Al-Qaeda, which retains the ability to operate in and around Kenya. Working with Kenya against the threat from terrorism remains the first priority on our bilateral agenda, and we have had some modest successes. We have provided training to the Department of Public Prosecutions and the Kenya Airports Authority. The U.S. Navy Maritime Operations and Training Coastal Security Program with the Kenyan Navy, Police, and Kenyan Wildlife Service is the only inter-ministerial counter-terrorism effort in Kenya. Our Anti-terrorism Assistance (ATA) office has established a robust police training program, and a coastal security program that promises to improve Kenya's capacity to secure

its extensive coastline, through the combined efforts of ATA, the Kenya-U.S. Liaison Office (KUSLO), the Defense Attache's Office (DAO), and the Economic and Political sections. Cooperation with the Kenyan Government on this program is

excellent and should serve as a model for such multi-sectoral projects. As a top priority, our counter-terrorism efforts benefit from the cooperation of all Mission agencies, including DOJ's Resident Legal Advisor, USAID, FAA, and DHS. CJTF-HOA Civil Affairs teams have been active in Kenya since 2003, providing humanitarian assistance and supporting development projects throughout North Eastern and Coast Provinces.

¶4. (SBU) Unfortunately, on the whole, Kenya's posture in the war on terrorism is less productive than we would like. For most Kenyans, crime is a greater security concern than terrorism. As a result, very few Kenyan politicians or citizens see counter-terrorism legislation as a top priority.

Kenya has an international obligation to enact counter-terrorism and anti-money laundering legislation in accordance with UN conventions. The issue of counter-terrorism legislation has become controversial in Kenya, with elements of the press, the political class, the human rights community, and Muslim leadership berating such legislation as anti-Muslim. The Government of Kenya still has not established the necessary legal tools nor organized a joint task force of police and prosecutors, despite significant U.S. financial support and advocacy. Military aspects of our counter-terrorism activities, particularly training, suffered a loss of funds due to Kenya's failure to conclude an Article 98 agreement. Without an overarching Kenyan counter-terrorism strategy and legal framework, our efforts will carry on in a piecemeal fashion and will lack the impact of a fully integrated program.

Military Cooperation Strong

¶5. (SBU) Despite Kenya's ratification of the Rome Treaty and not concluding an Article 98 Agreement with the U.S. (which caused a freeze of IMET and FMF), the military-military relationship remains strong. Our cooperation includes training, combined exercises, some provision of equipment, an intelligence exchange program, and senior DOD visits. Our strong support of the Kenyan military also includes the African Contingency Operations Training Assistance Program (ACOTA) which prepares Kenyan battalions for United Nations or African Union mandated peace-keeping deployments with training and equipment.

Political Overview: Democracy Prevails, But Room for More

¶6. (SBU) With a general election just over a year away, Kenya is at a critical juncture as voters decide whether to persevere with "reform" government, even if the government's results to date have not lived up to the electorate's high expectations. Following the election in 2002 of President Mwai Kibaki's opposition NARC coalition government, democratic and political space for Kenyans has increased dramatically, a far cry from the torture chambers and political imprisonments of previous administrations. With greatly improved respect for human rights, a variety of media and civil society organizations thrive, measuring the performance of the government by higher standards than in the past. Kenyans themselves demand and expect democratic behavior from their government. This was vividly demonstrated during the constitutional referendum of late 2005 during which voters demonstrated their ability to (mostly peacefully) oppose a largely government-supported initiative. It was also seen in the public outcry against the government's attack on free media during the March 2006 raids on the Standard Media House. Other good governance success stories are the effectiveness and independence of the Electoral Commission of Kenya, which the Mission has assisted through appropriate information technology, and the Kenyan National Commission on Human Rights. Coverage of the

referendum and high-level corruption, and professional organization of broadcast debates, have demonstrated the growing maturity and professionalism of the media sector. Particularly in light of public exposure of two massive corruption scandals in early 2006, Parliament has more fully assumed its role of checking the power of the executive through oversight committees. The executive, however, continues to wield considerable power over the legislature.

¶7. (SBU) Despite these achievements, the Kibaki administration has come under tough scrutiny and criticism for not having realized many of the President's campaign promises. While notably the government has been able to deliver free primary education, a new constitution and an effective crackdown on corruption are pledges unfulfilled. 2005's campaigns for and against the draft constitution were characterized more by ethnic animosities than policy debate, and the Government used substantial incentives in its (unsuccessful) attempts to lure voters to support the draft. Individuals at the highest levels of government turned a deaf ear to most accusations of corruption, closing their ranks in an effort to protect themselves from legal action or political fall-out. Even after public outrage at the Standard Media raids, some government officials continue to voice their unease with free Kenyan media (which would benefit from improved professionalism) chastising some outlets' irresponsibility. Similarly, some voices from State House are calling for the independent commissions, especially the Electoral Commission of Kenya, to come under the direct control of the government. This would be a serious setback to Kenya's democratization. When the constitutional debate is revived, a key issue to be resolved will be whether the Executive accepts a check on its powers and allows for a prime minister with real powers.

¶8. (SBU) There are several long-awaited pieces of legislation pending before Parliament of particular interest to the United States. One, the draft Anti-Money Laundering Bill, is required for Kenya to meet its international obligations and to strengthen efforts against corruption, drug trafficking, and terrorism. Also awaiting discussion in Parliament are a bill providing for the public declaration of assets of government officials, viewed as an anti-corruption mechanism; a bill which will enhance the capacity of the judiciary through increasing the number of judicial officers; and a bill which would permit the funding of political parties from government coffers to level the playing field and reduce pressures to raise campaign funds through corruption. With general elections looming in late 2007, and much energy wasted on political wrangling, it is unlikely that Parliament will make much progress on any of these bills.

The Economy: Corruption Holding Back Development

¶9. (U) The Kenyan economy grew by 5.8 percent in 2005. This modest expansion is fairly broad-based, and is built on the resilience, resourcefulness, and improved confidence of the private sector. Growth at this rate, however, will never pull the vast majority of Kenyans out of poverty. Over 50 percent of Kenyans live on USD1/day, and unemployment/under-employment is also about 50 percent. Tourism is now the top export sector, followed by flowers, tea and coffee. Africa is Kenya's largest export market, followed by the EU. Kenya is the regional center for industry and services, with Mombasa handling imports and exports for the whole region. Accelerating growth to achieve Kenya's potential will require continued de-regulation of business, improved delivery of government services, rebuilding decrepit infrastructure (especially roads), reforming the telecommunications sector to expand services and cut prices, the sale of failed parastatals, and improved economic governance generally (see below).

¶10. (U) The Privatization Act, passed in 2005, should enable privatizations to occur more easily and rapidly, but implementation of the Act has yet to begin. Kenya continues to benefit from the Africa Growth and Opportunity Act (AGOA),

but exports and jobs are dropping in the face of Asian competition, and they will likely disappear completely unless Congress renews the waiver allowing Kenya and others to use third country fabric to provide more time to develop local cotton and fabric production that meets the buyers' rigorous standards. Although rains in much of the country ended the drought and avoided rationing of hydro-electric power, drought conditions persist in the arid regions, and significant portions of the population will continue to require emergency food assistance in the coming year.

¶11. (U) Corruption is the greatest challenge facing the Kenyan economy. In the first year after taking office, the new government took some bold action, including passing important anti-corruption legislation and removing nearly half of the country's judges following allegations of corruption. However, the momentum of those early actions has been largely squandered and there have been virtually no prosecutions of senior officials from either the former or the current regime for corruption, despite ample evidence of wrongdoing in both cases and mass public outcry, in particular following the publication of reports in early 2006 detailing the extent of the rot. However, we are encouraged that Kenya's press, civil society, Parliament, and general public have shown that they will not suffer quietly while the country's coffers are emptied. The revelations of corruption scandals by an opposition MP and the press, commonly referred to by the name of the fictitious financial corporation involved - i.e., Anglo-Leasing - are noteworthy because they demonstrate a more open climate for public criticism in Kenya.

¶12. (SBU) Confronting corruption in the government is a high priority for the U.S. Mission in Kenya, as our initiatives on all fronts are frustrated by malfeasance and mismanagement. As part of our support for Kenyan anti-corruption efforts, the Mission helped create the Department of Public Prosecutions' (DPP) specialized anti-corruption unit and has supported training and other capacity building activities. Although the Government's rhetoric has improved, corruption remains pervasive at all levels. Failure by the Executive to take serious action on a number of recent cases involving breach of security and corruption allegations have seen an increase in the number of committees taking up investigations into corruption scandals. Parliament has also questioned the effectiveness of the anti-corruption institutions. The growing assertiveness of Parliament and the fact that MPs are taking their watchdog role more seriously have alarmed the Executive, which is now accusing Parliament of overstepping its mandate. The Mission supports a legislative strengthening program designed to empower key committees and promote quality legislation.

HIV/AIDS and the President's Emergency Plan

¶13. (U) The President's Emergency Plan for AIDS Relief achieved impressive advances in 2005, and those successes continue in 2006. Kenya has the second largest single-country PEPFAR program in the world. Five Mission elements have coordinated their activities to implement USD208 million worth of activities in the areas of prevention, treatment and care in 2006. Thanks in part to efforts with our Kenyan partners, the HIV prevalence rate among 15-19 year old women declined from 7 percent to 6.7 percent. PEPFAR's impressive results include an increase in the number of U.S.-supported anti-retroviral (ART) treatment sites from three to nearly 200 in just over two years. In 2005, PEPFAR funding, coupled with this increased access and focus on improving the quality of treatment with a strong emphasis on treating children, has made possible ART for 34,913 Kenyans, an increase from our starting point of 389 individuals. By the end of 2006, we will be directly supporting 75,000 of the anticipated 100,000 Kenyans on ART - a 100 percent year-to-year increase. The Mission is now actively planning for a USD321 million program for 2007.

¶14. (U) The Muslim population in Kenya is estimated to be about 15 percent, although Kenyan Muslims often claim a much higher proportion. Concentrated in the Coast and Northeastern Provinces, most Kenyan Muslims practice a moderate, often Sufi-influenced Islam. A handful of Kenyan Muslims have been radicalized, but foreign influence aimed at such radicalization has not achieved any widespread acceptance. Offering as evidence the lack of a university on the coast, Muslim Kenyans feel severely marginalized, both in terms of government and society. The Public Affairs Office (PAO) has a multi-pronged approach to engaging the Muslim community, including a dedicated Muslim Outreach FSN staff member. PAO supports the general Muslim population through a variety of community-based programs and assists Muslim students through scholarships and education programs both in Nairobi and at the coast. Additionally, a DOD MIST Team is engaged in Muslim outreach on the coast through a successful drug awareness program.

Somalia

¶15. (SBU) The U.S. Mission in Kenya is the focal point for implementing U.S. policy in Somalia. The United States has three goals in Somalia: counter-terrorism (including regional stability); governance and democracy; and humanitarian assistance. U.S. policy toward Somalia is designed to support the re-establishment of a functioning central government and address the international community's concerns regarding terrorism. Without sustained stability in Somalia, our anti-terrorism activities throughout the Horn of Africa will be continuously undermined. Establishment of democratic institutions will be critical to ensuring long-term peace and eventual economic development. Stability will also enable us to engage more broadly and effectively with communities inside Somalia.

¶16. (SBU) Kenya took the lead, through the Inter-Governmental Authority on Development (IGAD), in the Somali National Reconciliation Conference that took place over 23 months in Kenya. Since the conclusion of the conference, Kenya has continued to support the strengthening of the Somali Transitional Federal Government (TFG) institutions which emerged from the conference and were established in 2004. However, the effectiveness and very future of the TFG are in jeopardy, particularly given the dissolution of the TFG cabinet in early August of this year. By contrast, the Islamic Courts Union (ICU) has taken control of Mogadishu and is extending its influence throughout south-central Somalia. The ICU is credited by many for having brought a measure of security and stability to Mogadishu that has been unknown for the past 15 years. Due to their success in providing security and rudimentary services befitting a government body, the ICU is enjoying fairly broad-based local support. Some members of the ICU are moderates, but they have been marginalized by extremists who appear firmly in control of the ICU's militia. The perceived threat posed to the TFG by the growing influence of the ICU prompted Ethiopian forces to intervene to defend the TFG in July. Somali pirates operating off the coast of Somalia have attacked cargo and cruise ships alike, prompting U.S. military attention to the threat posed to international shipping.
HOOVER